

WALLER LANSDEN DORTCH & DAVIS

A PROFESSIONAL LIMITED LIABILITY COMPANY

NASHVILLE CITY CENTER
511 UNION STREET, SUITE 2100
POST OFFICE BOX 198966
NASHVILLE, TENNESSEE 37219-8966

(615) 244-6380

FAX: (615) 244-6804
www.wallerlaw.com

WALLER LANSDEN DORTCH & DAVIS, LLP
AFFILIATED WITH THE PROFESSIONAL LIMITED LIABILITY COMPANY
520 SOUTH GRAND AVENUE, SUITE 675
LOS ANGELES, CALIFORNIA 90071
(213) 362-3680

RECEIVED
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WALLER LANSDEN DORTCH & DAVIS
PROFESSIONAL LIMITED LIABILITY COMPANY
809 SOUTH MAIN STREET
POST OFFICE BOX 1035
COLUMBIA, TENNESSEE 38402-1035
(931) 388-6031
EXECUTIVE SECRETARY

D. Billye Sanders
(615) 252-2451
bsanders@wallerlaw.com

September 25, 2001

VIA HAND DELIVERY

K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Petition of Chattanooga Gas Company for Approval of Tariff
Establishing Experimental Fixed Rate PGA Rider; Docket No.
01-00761 - Response in opposition to the Petition for
Intervention of Dynegy, Inc.

Dear Mr. Waddell:

Enclosed you will find the original and 13 copies of Chattanooga Gas Company's response in opposition to the Petition for Intervention of Dynegy, Inc. in the above referenced docket.

Sincerely,



D. Billye Sanders

DBS/mmm

cc: Hal Novak
Archie Hickerson
Earl Burton
Tim Phillips, Esq., Consumer Advocate Division
Robert J. Middleton, Jr.

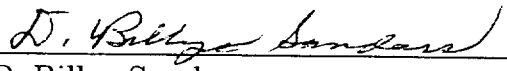
CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of September, 2001, a true and correct copy of the foregoing Response to Petition for Intervention was served on the persons below via hand delivery or facsimile:

Consumer Advocate Division
Office of Attorney General
Cordell Hull Building
426 5th Avenue North
Nashville, Tennessee 37243-0500

Robert J. Middleton, Jr.
Watson, Spence, Lowe Chambliss, LLP
320 Residence Avenue
P.O. Box 2008
Albany, Georgia 31702-2008
Facsimile #: (229) 436-6358

Attorney for Dynegy, Inc.



D. Billye Sanders

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:

PETITION OF CHATTANOOGA GAS
COMPANY FOR APPROVAL OF AN
EXPERIMENTAL FIXED RATE
TARIFF

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DOCKET NO. 01-00761

RESPONSE IN OPPOSITION TO
THE PETITION FOR INTERVENTION
OF DYNEGY INC.

Chattanooga Gas Company, a Tennessee corporation, ("Chattanooga Gas") respectfully files this Response in Opposition to the Petition for Intervention filed on behalf of Dynegy Inc. ("Dynegy"), received by counsel on September 24, 2001. Chattanooga Gas respectfully requests that the Tennessee Regulatory Authority ("TRA" or "Authority") deny this Petition because it will impair the prompt and orderly conduct of the proceedings in this docket, and the intervention is not in the interest of justice.

Statutory Intervention Requirements

Tenn. Code Ann. § 4-5-310(a)(2) requires that a petition for intervention state "facts demonstrating that the petitioner's *legal rights, duties, privileges, immunities or other legal interest* may be determined in the proceeding or that petitioner qualifies as an intervenor under any provision of law." Tenn. Code Ann. § 4-5-310(b) gives the TRA discretion to grant intervention to a qualified petitioner at any time, if the Agency determines "that the interests of justice and the *orderly and prompt conduct of the*

proceedings shall not be impaired by allowing the intervention.” (emphasis supplied). As demonstrated below, Petitioner does not meet two of these mandatory requirements.

1. Legal Interests Not Affected

Petitioner has not recited any legal interest that may be affected in this docket. Dynegy is not a customer of Chattanooga Gas. Dynegy provides no services to Chattanooga Gas in the State of Tennessee.

Dynegy’s “legal rights, duties, privileges, immunities or other legal interests” will not be determined in this proceeding. The only interest cited by Dynegy is a business interest, not a legal interest: Dynegy wants to influence the parties with whom Chattanooga Gas contracts. Despite Dynegy’s wishes to the contrary, Chattanooga Gas is not required to issue an RFP for the purchase of gas. Thus, Dynegy cannot dictate the procedures to be used by Chattanooga Gas in its gas purchases or force Chattanooga Gas to contract with Dynegy.¹

It would be unjust to Chattanooga Gas and its rate payers to allow Dynegy to thwart Chattanooga Gas’ efforts to have this experimental tariff considered in a time frame where, if approved, it would have the greatest benefit for rate payers.

¹ Chattanooga Gas believes that one of the motivating factors for Dynegy’s Petition for Intervention is retaliation for a lawsuit filed this summer by an affiliate of Chattanooga Gas against Dynegy. This lawsuit, which is unrelated to the proceeding before the TRA, seeks \$26 million in damages from Dynegy and concerns the management of a partnership in which both Dynegy and an affiliate of Chattanooga Gas are members.

2. Orderly Conduct of Proceedings Will be Impaired

Chattanooga Gas filed its Petition for Approval of the Experimental Fixed Rate Tariff on August 31, 2001. In this Petition, the urgency of a decision prior to October 1, 2001 was stated. Chattanooga Gas believes that its ability to lock in a low gas price may be jeopardized greatly as we move towards the colder months. In addition, given the recent terrorist actions and resulting increased uncertainty with respect to the economy, the volatility of natural gas prices may be even greater than previously anticipated. Granting Dynegy's Petition to Intervene will delay these proceedings and could push any decision into October and possibly November. Such a delay may put in jeopardy the benefit of the fixed rate tariff to consumers, i.e., the ability to lock in now a low fixed rate. Chattanooga Gas urges the Authority to deny this Petition to Intervene and allow the proceedings to be decided at the time when the fixed rate may allow great savings to Tennessee customers.

In the alternative, if the Authority were to grant the Petition for Intervention, Chattanooga Gas requests that a hearing be held on September 25, 2001, or prior to October 1, 2001.²

WHEREFORE, Chattanooga Gas prays:

1. That the Authority deny the Petition to Intervene.

² Dynegy stated in its Petition that its representative, David Cruthirds, would be available by phone during proceedings on September 25, 2001.

2. In the alternative, that the hearing proceed on September 25, 2001, or by October 1, 2001, and that Dynegy be allowed to participate by phone if airline travel is not feasible.

Respectfully submitted,

Chattanooga Gas Company

By: D. Billye Sanders
D. Billye Sanders, Esq.
Waller Lansden Dortch & Davis
A Professional Limited Liability Company
Nashville City Center
511 Union Street, Suite 2100
Nashville, TN 37219-8966
(615) 244-6380

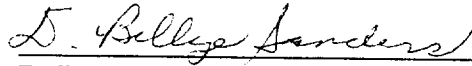
Attorney for Chattanooga Gas Company

CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of September, 2001, a true and correct copy of the foregoing Response was served on the persons below by facsimile and by placing same in the U.S. mail, postage pre-paid to:

Consumer Advocate Division
Office of Attorney General
Cordell Hull Building
426 5th Avenue North
Nashville, Tennessee 37243-0500

Robert J. Middleton, Jr.
Watson, Spence, Lowe and Chambless, L.L.P.
320 Residence Avenue at North Jefferson Street
P.O. Box 2008
Albany, Georgia 31702-2008



D. Billye Sanders